Top Secret

The President's Daily Brief

22 January 1970

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

President Pompidou apparently has decided that the best interests of France lie in a strong pro-Arab policy. *(Page 1)*

President Ovando has met with Bolivian military leaders to discuss the generals' disenchantment with some cabinet ministers. *(Page 2)*

Iraq		50X1
and Iran		50X1
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Cambodia		50X1

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FRANCE - MIDDLE EAST

Defense Minister Debre's disclosure yesterday
that France intends to sell as many as 100 aircraft
to Libya was a closely held secret within the French
Government. Foreign Minister Schumann's remarks to
Ambassador Shriver yesterday make it clear that Schu-
mann did not play a major role in the decision-making
process and was not fully briefed on all aspects of
the case.

> *The decision of course came from Pompidou
> who seems intent on enhancing the strategic
> and commercial role of France in the Med-
> iterranean. He was also motivated by the
> need to reassure the Arab world following
> the Israeli gunboat affair, the lagging
> exports of France's aircraft industry and
> a desire to participate more actively in
> the Libyan petroleum industry. The affair
> also has the side effects of demonstrating
> French independence from the US and the
> USSR and Pompidou's authority over Schumann,
> who opposed the deal.*

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BOLIVIA

The military high command met with President
Ovando on 20 January and presented their views on
the need for a cabinet shakeup. These senior mili-
tary officers have become alarmed by public state-
ments by Ovando and certain cabinet ministers which
hint at collaboration with Cuba, withdrawal from the
Organization of American States, and the national-
ization of all property. Ovando reportedly told
the generals that he would prefer to delay the dis-
missal of the radical ministers until they became
mired in their own mistakes.

> *Ovando seems to be buying more time to
> assess his first real crisis. He prob-
> ably will try to further ingratiate him-
> self with the military by promising to
> take whatever action is necessary to re-
> store the flow of US military aid--one
> of the main concerns of the generals.*

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IRAN-IRAQ

The Iraqis squelched an Iran-backed coup Tuesday night. Some 29 of the conspirators were summarily executed.
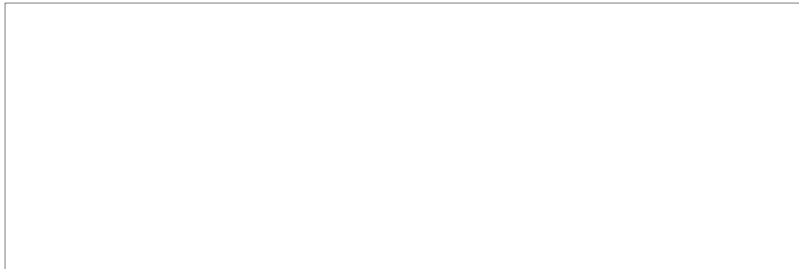
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Early today Iraq requested the Iranian ambassador and four other diplomats to leave the country within 24 hours. Radio Baghdad accused the Iranians of cooperating with US and Zionist forces in the abortive coup.
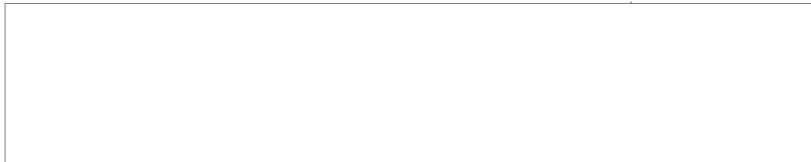
> *These public denunciations of Iran's role in the coup will seriously delay the settlement of the border dispute between the two countries over the Shatt al-Arab River. It will also complicate Baghdad's efforts to negotiate with the Kurdish dissidents in northern Iraq because of the strong Iranian influence with the Kurds.*

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CAMBODIA

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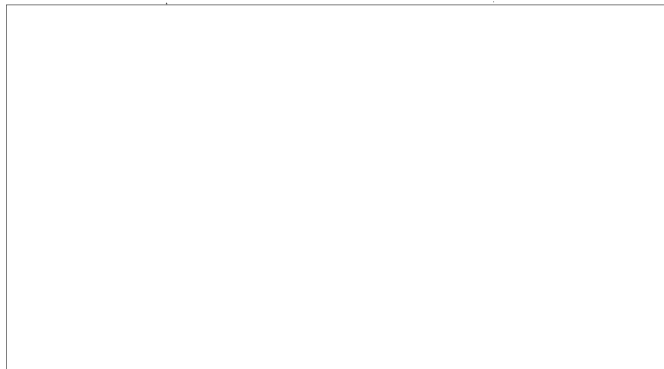USSR: 50X1
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Italy: Last year Italy incurred a balance-of-
payments deficit of $1.4 billion, the largest in well
over a decade. The deficit is in sharp contrast with
the $627 million surplus in 1968 and is due entirely
to a capital outflow which reached about $4 billion
in 1969. The money drain may have been accelerated
by the current tax laws, labor unrest, and the unset-
tled political situation, and is likely to continue
this year. Italy's official net reserves remain very
strong, however.

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